

HANDLE LOCAL BAD CHECK PAYMENTS

Effective Date

10/13/2006

Overview

The Treasurer of each Locality is responsible for handling bad checks that are returned by the bank. All checks should be processed a second time (reinstated) to secure payment. If payment is not obtained through the reinstatement process, the taxpayer should be contacted by certified mail. This letter should be prepared in duplicate with the original mailed to the taxpayer and a copy retained in the Treasurer's files.

All localities perform the *Create and Send the Treasurer's Report of Estimated Payment Bad Checks to TAX* task in this Process. The other Tasks in this Process are written for Localities who use the Memorandum Assessment Form (759) and a manual process. If your Locality uses an automated system your automated system may replace the manual functions. However, the documents sent to TAX must be the same as in the tasks.

A bad check fee of \$35 **must** be charged to the taxpayer if the check is not redeemed by the taxpayer within the allowed time (5 days notice in the "Bad Check" letter plus 5 days grace period). This fee, when collected, must be remitted to the State account in accordance with the General Provisions of the Virginia Tax Code, Section 58.1-12 and 58.1-13.

When an estimated payment is made and the bad check is not redeemed by the customer, the Treasurer must create and send a report to TAX informing TAX of the bad estimated payment.

Tasks

[Create and Send the Treasurer's Report of Estimated Payment Bad Checks to TAX](#)
[Handle Bad Checks for which a Replacement Payment is Not Received](#)
[Handle Bad Checks from the Customer](#)

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